

**REMARKS**

This amendment is responsive to the office action dated January 25, 2007. Claims 17-23, 25-40, 42-64, 66-116, 121, 123-205 stand rejected. Claims 17, 29, 31, 33, 35, 36, 38, 59, 77, 79, 81, 83, 84, 112, 121, and 159 are further amended. Reconsideration of the rejected claims is respectfully requested based on the amendments above and the argued urged below.

***35 U.S.C. § 112 Rejections***

In paragraph 3 of the office action, the Examiner maintains the rejections of claims 121 and 123 under 35 U.S.C. §112, first paragraph, as failing to comply with the written description requirement. The Examiner again indicates that the claims contain “subject matter which was not described in the specification in such a way as to reasonably convey to one skilled in the relevant art that the inventors, at the time the application was filed, had possession of the claimed invention.” On page 3 of the office action, the Examiner contends that the request form is transmitted to vendors who are authorized to sell the designated merchandise, as identified by the merchandise code on the request form. The Examiner finds that “there is no description of the control system isolating or communicating with vendors based on the maximum purchase amount or price.” The Examiner asserts that:

the control system does utilize the data on the request form including the price that the buyers do not wish to exceed (“Under \$2.00 net cost”) to determine appropriate vendors for communication with the buyer transmitting that request.” The examiner disagrees. On page 18, lines 2-10, applicant’s specification describes regulating communication using merchandise codes, not maximum purchase amount or price. A request form is transmitted to all authorized vendors, as identified by the merchandise code on the request form, not the maximum purchase amount or price. It is the vendors, not the control system, who decide whether or not to respond to a request based on the maximum purchase amount indicated. Applicant’s specification only provides for isolating vendors by merchandise code. There is no description of the control system isolating or communicating with vendors based on maximum purchase amount or price.

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The request form as shown in Figure 9 is indicated below. It carries the merchandise code as well as other specifics (including the price that cannot be exceeded) on the same request that is circulated via the control system to vendors that are deemed eligible by the control system.

*EXEMPLARY BUYER REQUEST FORM*

Date <u>12-7-91</u> Time <u>8:45 am PST</u> Buyer Co. <u>Food 4 Less</u> Specific Buyer <u>Larry Lohi</u>
Video Unit <u>714 658 5333</u> Your Reference # <u>5127</u> MERCHANDISE CODE <u>472361</u>
General Category <u>Basic Health and Beauty Aids</u> Specific Category <u>Shampoo &amp; Conditioners</u>
<b>SUBMIT PRESENTATION</b>
Request Specifics Conditioning Shampoo for the U.S. Market Papaya based 12 oz. bottle Under \$2.00 net cost Must be available delivered to Fullerton, CA by 12-18-91, 8:00 am PST Minimum 10,000 units Date/Time offers required by <u>12-7-91 3:00 pm (PST)</u>

*FIG. 9*

The specification, at page 43, lines 4-23, indicates the following:

Another possibility involves type "C" calls, whereby a buyer distributes a request for proposal. Again, various communications may be accomplished to a select group or sub-group of vendors based on merchandise codes. To consider a specific form of communication in accordance herewith, after qualification, a buyer might use video communication to notify vendors with a graphic such as one illustrated in FIGURE 9. FIGURE 9 illustrates an exemplary buyer request form providing specific information of the merchandise. Blank forms may be stored in a forms directory (e.g. menu-driven) or the like on each buyers terminal. Thus, when making a request for proposals, a buyer may simply access a blank form and enter the specific information. Essentially, a merchandise code number "472361" is supplied, indicating the specific product as also identified in the graphic. After the notice has been sent to vendors, a message as represented in FIGURE 10 may be transmitted to the buyer from the central traffic control system TIS. Note that a check digit may be supplied. Likewise, vendors may

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access blank forms, similar to the exemplary buyer request forms, to indicate special offerings. (emphasis by underlining added)

The control system isolates eligible vendors and routes the request to them and further provides a notification to the buyer making the request that advises the buyer of the number of vendors to whom the request was routed. Claim 121 is amended to clarify that vendors isolated by the control system are informed of buyers price criteria for vendors to satisfy. The Examiner is respectfully requested to withdraw the 112 rejection of claim 121. Claim 123 depends on claim 121 and is distinct because it incorporates the amendments to claim 121.

### ***35 U.S.C. § 103 Rejections***

In paragraph 5 of the office action, the Examiner has again variously rejected claims 17-23, 25-40, 42-64, and 66-205 under 35 U.S.C. §103(a) as being unpatentable over Shavit et al. (U.S. Patent No. 4,799,156), in view of Lockwood (U.S. Patent No. 5,576,951). The Examiner indicates her reasons why it is obvious the two patents are from the same fields of endeavor. However, Applicant urges the Examiner to reconsider her rejections based on the following legal construct including the most recent decision by the Supreme Court.

For rejections under 35 U.S.C. Section 103, the establishment of a *prima facie* case of obviousness requires that all the claim limitations must be taught or suggested by the prior art. MPEP § 2143.03 The establishment of a *prima facie* case of obviousness requires that the claimed combination cannot change the principle of operation of the primary reference or render the reference inoperable for its intended purpose. MPEP § 2143.03

The Supreme Court set the standard for evaluating obviousness in its recent decision (*KSR International Co. v. Teleflex Inc. et al.* (550 U.S. \_\_\_\_ 2007)) to be “expansive and flexible” and “functional.” However, the standard is not controlling, rather, the various noted factors only “can” or “might” be indicative of obviousness based on the facts. The Supreme Court in KSR enunciated the following principles:

“[w]hen a work is available in one field of endeavor, design incentives and other market forces can prompt variations of it, either in the same field or a different one. If a person of ordinary skill can implement a predictable variation, Section 103 likely bars it patentability. For the same reason, if a

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technique has been used to improve one device, and a person of ordinary skill in the art would recognize that it would improve similar devices in the same way, using the technique is obvious unless its actual application is beyond his or her skill....[A] court must ask whether the improvement is more than the predictable use of prior art elements according to their established functions.

Simply using the benefit of hindsight in combining references is improper. *In re Lee*, 277 F.3d 1338, 1342-45 (Fed. Cir. 2002); *In re Deminski*, 796 F.2d 436, 442 (Fed. Cir. 1986)). The Supreme Court while recognizing the need “to guard against slipping into the use of hindsight,” acknowledged the following principles:

[r]ejection on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness.

[I]t can be important to identify a reason that would have prompted a person of ordinary skill in the relevant field to combine the elements in the way the claimed new invention does.

One of the ways in which a patent’s subject matter can be proved obvious is by noting that there existed at the time of invention a known problem for which there was an obvious solution encompassed by the patent’s claims.

Rather, obviousness is to be determined from the vantage point of a hypothetical person having ordinary skill in the art to which the patent pertains. See 35 U.S.C. § 103(a). The legal construct also presumes that all prior art references in the field of the invention are available to this hypothetical skilled artisan. *In re Carlson*, 983 F.2d 1032, 1038, 25 USPQ 2d 1207, 1211 (Fed. Cir. 1993). The Supreme Court in KSR stated that:

a patent composed of several elements is not proved obvious merely by demonstrating that each of its elements was independently, known in the prior art.

An examiner may often find every element of a claimed invention in the prior art. “Virtually all [inventions] are combinations of old elements.” *Environmental Designs, Ltd. V. Union Oil Co.*, 713 F.2d 693, 698, 218 USPQ 865, 870 (Fed.Cir. 1983), cert. denied, 464 U.S. 1043 (1984); see also *Richel, Inc. v. Sunspool Corp.*, 714 F.2d 1573, 1579-80, 219 USPQ 8, 12 (Fed.Cir. 1983). If identification of each claimed element in the prior art were sufficient to

negate patentability, very few patents would ever issue. Furthermore, rejecting patents solely by finding prior art corollaries for the claimed elements would permit an examiner to use the claimed invention itself as a blueprint for piecing together elements in the prior art to defeat the patentability of the claimed invention. Such an approach would be “an illogical and inappropriate process by which to determine patentability.” *Sensonics, Inc. v. Aerosonic Corp.*, 81 F.3d 1566, 1570, 38 U.S.P.Q.2d 1551, 1554 (Fed.Cir.1996). In other words, the examiner must show reasons that the skilled artisan, confronted with the same problems as the inventor and with no knowledge of the claimed invention, would select the elements from the cited prior art references for combination in the manner claimed. The Supreme Court in KSR has also stated that:

[o]ften, it will be necessary for a court to look to interrelated teachings of multiple patents; the effects of demands known to the design community or present in the market place.

Further, the Supreme Court states that:

The Court relied upon the corollary principle that when the prior art teaches away from combining certain known elements, discovery of a successful means of combining them is more likely to be nonobvious.

The Examiner acknowledges that “Shavit differs from the claims in that it does not specify the control system processing the input data to isolate at least one select vendor site from a plurality of vendor sites based on the area of commercial interest designated by the buyer and an indication including select video data presentations. However, the Examiner indicates that Lockwood teaches the desirability of having a central processor 222 select an appropriate vendor-supplied data source associated with the customer’s request, col. 18, lines 51-54; col. 19, lines 52-53; col. 20, lines 36-39, for output to the customer as a high-resolution audio-visual presentation. The Examiner believes that it would have been obvious to one of ordinary skill to incorporate such vendor selection as taught by Lockwood within the system of Shavit in order to provide buyers with a more efficient means of selecting goods and services from a plurality of vendors by providing customized audio/video presentations based on the buyer’s area of interest. In this way, according to the Examiner, the buyer need not manually select each distributor from which the information is desired.

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Even if the reference are combined as the Examiner suggests and for the reasons that the Examiner provides, the combination does not meet all the limitations of the claims here as amended. The independent claims recite that the area of interest is created and expressed by the buyer via a keypad. As the Examiner recognizes, Shavit does not teach processing by its control system of input data to isolate at least on select vendor site from a plurality based on commercial area of interest designated by the buyer. Lockwood, at column 18, lines 51-54, clearly teaches that the tone or voice response system 221 receives the "customer's selections" in "audio signal form" and "converts the signals to messages" which are transmitted to the central processor 222 for selection of data sources. The claims as amended here recite that the user creates and expresses the area of interest via a digital keypad, which recitation is not taught by Lockwood.

The Examiner is respectfully requested to withdraw the 35 U.S.C. Section 103 rejections here and to allow the claims.

Respectfully submitted,

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